



Appropriations Committee  
Public Hearing – February 17, 2009

Testimony of Jeffrey Freiser  
Executive Director, Connecticut Housing Coalition

Subject: DECD Budget

Requests: ► Restore \$3.9 Million for PILOTs for Public Housing and Tax Abatement Grants for Nonprofit Housing  
► Do not divert \$12 million from Community Investment Act purposes  
► Restore \$350,000 for the Connecticut Fair Housing Center

The Connecticut Housing Coalition represents the broad, vibrant network of community-based affordable housing activity across the state. Our more than 250 member organizations include nonprofit developers, human service agencies, resident associations, and diverse other housing practitioners and advocates. Founded in 1981, the Coalition works to expand housing opportunity and to increase the quantity and quality of affordable housing in Connecticut.

As Connecticut grapples with an economic downturn and a substantial budget deficit, we must more than ever maintain our state's housing commitments. Our most vulnerable residents face even greater pressures in these very difficult times. Further, housing is a critical strategy for our economic recovery. Housing investment yields a unique combination of economic stimulus, job creation and social benefit.

Yet Governor Rell's budget proposal threatens wide-ranging harm to affordable housing programs. It would:

- eliminate PILOTs for public housing
- eliminate Tax Abatement Grants for nonprofit housing
- eliminate funding for new supportive housing
- take away almost all funding from the Community Investment Act (including Housing Connections Technical Assistance and UR Home)
- suspend the Historic Home Tax Credit
- provide no new bonding for the Connecticut Housing Trust Fund
- provide no new bonding for the DECD Affordable Housing ("Flex") Program
- provide no new funding for the HOMEConnecticut program
- eliminate funding for the Connecticut Fair Housing Center
- terminate the Housing Sustainability Fund
- terminate the Citizens Advisory Council for Housing Matters (Housing Court)
- terminate the Mobile Manufactured Home Advisory Council

*(over...)*

### *Restore Housing PILOTs and Tax Abatement Grants*

Please reject the Governor's proposal and include \$3.9 million for Payments-in-Lieu-of-Taxes for public housing and Tax Abatement Grants for nonprofit housing in the new state budget. Connecticut must not repeat the crisis of state-induced rent increases for some of our poorest families, the elderly and people with disabilities due to the elimination of this funding. For the past two years, these vulnerable residents lived with the threat, and in some cases the reality, of harsh rent hikes. You temporarily solved the problem twice, for FY 08 and FY 09, allowing rent increases to be rolled back and other increases to be averted – until now.

No other PILOT would be eliminated in the new budget – not for the Governor at her mansion, not for students in their dorm rooms, not for horses in the UConn stables. When Secretary Genuario appeared before this Committee, in his briefing on the Governor's budget, he was asked about housing PILOTs. He replied that only a limited number of communities would be affected by this budget cut, and that his priority was aid to all communities. But this is precisely the wrong public policy message. Only those communities that had done the right thing and hosted affordable housing will incur this loss. Our State has a sorrowful record of promising incentives to towns that provide affordable housing, and then failing to honor those commitments.

Please do not allow some of our state's most vulnerable residents to face a future of uncertainty, fear and unbearable rent increases.

### *Community Investment Act*

The highly effective Community Investment Act (PA 05-228) directs document recording fees to four important uses: farmland preservation, historic preservation, open space and affordable housing. Governor Rell's budget would seize \$12 million from these intended purposes in each year of the biennium – possibly the entire amount that will be available.

Housing activities supported by the Community Investment Act include:

- Technical assistance to suburban and rural communities that stand ready to implement affordable housing initiatives in their towns. Already 343 units of affordable housing are in development with this assistance.
- The Urban Rehabilitation Homeownership Program (UR Home), allowing families to make significant, necessary repairs when purchasing a home in the city where they work.
- Strategic gap financing for multi-family housing development that otherwise would not be able to move forward.

The Community Investment Act funds sought by the Governor are not idle, excess balances. They are ongoing, irreplaceable revenue for urgent investments across our state. Without the resources of the Community Investment Act, these vital programs would all cease. As we seek the path to economic recovery, we must not disinvest in the future of Connecticut.